

**BEFORE THE TENNESSEE REGULATORY AUTHORITY AT
NASHVILLE, TENNESSEE**

June 8, 2001

IN RE:

**APPLICATION FOR AUTHORITY TO TRANSFER
OWNERSHIP AND CONTROL OF COMM SOUTH
COMPANIES, INC.**

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**DOCKET NO.
01-00267**

ORDER APPROVING TRANSFER OF AUTHORITY

This matter came before the Tennessee Regulatory Authority (the "Authority") at the regularly scheduled Authority Conference held on May 1, 2001 for consideration of the Application (the "Application") of Comm South Companies, Inc. ("Comm South") and ARBROS Communications, Inc. ("ARBROS") (collectively the "Applicants"), pursuant to the provisions of Tenn. Code Ann. § 65-4-113, for approval of a transfer of authority to provide utility services.

Requirement of and Standards for Authority Approval

Tenn. Code Ann. § 65-4-113 requires a public utility to obtain Authority approval to transfer its authority to provide utility services. Tenn. Code Ann. § 65-4-113(a) provides as follows:

(a) No public utility, as defined in § 65-4-101, shall transfer all or any part of its authority to provide utility services, derived from its certificate of public convenience and necessity issued by the authority, to any individual, partnership, corporation or other entity without first obtaining the approval of the authority.

Tenn. Code Ann. § 65-4-113(b) provides the standards by which the Authority shall consider an application for transfer of authority, in pertinent part, as follows:

(b) Upon petition for approval of the transfer of authority to provide utility services, the authority shall take into consideration all relevant factors, including, but not limited to, the suitability, the financial

responsibility, and capability of the proposed transferee to perform efficiently the utility services to be transferred and the benefit to the consuming public to be gained from the transfer. . . .

The Application

The Application was filed on March 28, 2001. The Application states that Comm South is a Texas corporation with its principal offices in Dallas, Texas. Together with its various operating subsidiaries, Comm South is authorized to offer local telecommunications services virtually nationwide, primarily on a resale basis. In Tennessee, Comm South received its authority to provide operator services or resold telecommunications services on August 20, 1997, in Authority Docket No. 97-01327.

Prior to the proposed transaction, 9.9% of Comm South was owned by AM Comm Solutions, LLC (“AM Comm”), and 90.1% of Comm South was owned by TracFone Wireless, Inc. (“TracFone”). One hundred percent (100%) of AM Comm and 97.3% of TracFone was owned by Sercotel, S.A. de C.V. (“Sercotel”), a wholly-owned subsidiary of América Móvil, S.A. de C.V.

The Application further states that ARBROS is a privately held Delaware corporation with its principal offices in Silver Spring, Maryland and is a wholly-owned subsidiary of Linsang Partners, LLC (“Linsang”). Through various operating subsidiaries, ARBROS is authorized to provide telecommunications services in several states, including competitive local exchange services in Tennessee. ARBROS received its Tennessee certification on August 7, 2000, in Authority Docket No. 00-00274.

According to the Application, the essence of the proposed transaction is that ARBROS will acquire all of the stock of Comm South, with the end result that Comm South and its subsidiaries will join the existing subsidiaries of ARBROS in providing telecommunications services to the public. The Application states that because the services of Comm South and

its subsidiaries are very different from those currently provided by ARBROS' subsidiaries, ARBROS presently intends to maintain Comm South as a separate entity.

According to the Application, the transaction is to take place in several steps, including internal reorganizations and stock transfers among Comm South, ARBROS, and their parent companies. As one intermediate step in the transaction, majority ownership of Comm South will be transferred from its current majority owner, TracFone, to its current minority owner, AM Comm. Comm South will never operate under the majority ownership of AM Comm; its ownership will be immediately transferred to ARBROS. Upon completion of the transaction, ARBROS will own one hundred percent (100%) of the stock of Comm South.¹

The Application states that the resulting transfer of control will be transparent to Comm South's customers and will enhance both Comm South's and ARBROS's ability to compete in the market for telecommunications services in Tennessee and elsewhere. The Application further states that the Applicants will benefit from increased economies of scale and from greater financial resources needed to introduce new products and services. The Application states that the ownership changes are not expected to directly affect in any way Comm South's or ARBROS's rates or services and will benefit consumers in Tennessee through the availability of more product and service options as well as more efficient pricing.

Findings

The Directors of the Authority considered this matter at the May 1, 2001 Authority Conference. Based upon careful consideration of the Application, the Authority finds and

¹ Sercotel will own 15.3% of ARBROS directly and will own an additional 9.6% of ARBROS through its subsidiary AM Comm. Linsang will own 75.1% of ARBROS, and other shareholders will own less than .02% of ARBROS. Should AM Comm exercise certain warrants, as described in the Application, AM Comm's ownership share of ARBROS will increase to 29.6% and Linsang's ownership share of ARBROS will decrease to fifty-five percent (55%).

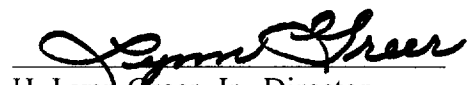
concludes as follows:

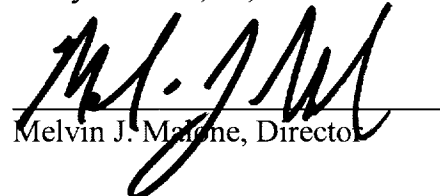
1. The Authority has jurisdiction over the subject matter of this Application pursuant to Tenn. Code Ann. § 65-4-113;
2. Comm South Companies, Inc. has been granted authority to provide telecommunication services in Tennessee;
3. Majority ownership of Comm South will be transferred to ARBROS Communications, Inc., resulting in a transfer of the authority to provide utility services granted to Comm South;
4. Approval of the transfer of authority is appropriate pursuant to the provisions of Tenn. Code Ann. § 65-4-113.

IT IS THEREFORE ORDERED THAT:

1. The Application of Comm South Companies, Inc. and ARBROS Communications, Inc. for approval of the transfer of authority described herein is approved; and
2. Any party aggrieved by the Authority's decision in this matter may file a Petition for Reconsideration with the Authority within fifteen (15) days from and after the date of this Order.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melvin J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary